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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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| Commission Opens Inquiry on |) | FCC 97-232 |
| Competitive Bidding Process for |) | Docket No. |
| Report To Congress |) | WT 97-150 |

**Comments of the
TELECOMMUNICATIONS INDUSTRY ASSOCIATION**

The Telecommunications Industry Association ("TIA"), hereby submits these comments in response to the above captioned Public Notice issued by the Commission on July 2, 1997.¹ The Public Notice asks participants in prior FCC auctions, persons or entities planning to participate in upcoming auctions, and other parties to submit comments and information that will assist in preparation of the Commission's September 30, 1997, report to Congress on the agency's competitive bidding processes.

TIA is a national trade association whose membership currently includes over 625 manufacturers and suppliers of all types of telecommunications equipment, customer premises equipment, and related products and services. TIA's members are located throughout the United States, and collectively provide the bulk of the physical plant and associated equipment, software, and services used to support and improve the nation's telecommunications infrastructure.

TIA's primary interest in this proceeding is to assist the Commission in ensuring that the federal government manages spectrum to maximize efficiency and preserve an environment that will ensure the introduction of new technologies and the entry of new market participants.

¹ Public Notice, Commission Opens Inquiry on Competitive Bidding Process for Report To Congress, FCC 97-232, WT Docket No. 97-150 (July 2, 1997).

TIA Spectrum Management Policy

1. As manufacturers of wireless products and systems, TIA members have a direct interest in the spectrum management policies being examined by this Congress, the FCC, and the Administration. Responsible spectrum management contributes to high volume manufacturing that increases opportunities for competition both in the equipment and service markets and ensures that consumers and users can purchase equipment using the best technology at the lowest price. Geographically unified national allocations, for example, reduce equipment cost through economies of scale. Harmonized domestic and international spectrum allocations increase exports and jobs generated by this industry. Many policies, spectrum allocations and licensing approaches adopted in the U.S. are also adopted by other nations.

Elements of a Sound Spectrum Management Policy

2. Budget-driven mandates for spectrum use should never be used. Policy that is driven by the goal of short term gain for the Treasury will not meet the long term goal of serving the public's telecommunications needs.

3. While spectrum auctions are one method of licensing the use of spectrum when selecting between competing applicants, they should not be used for spectrum allocations. Auctions should only be used for licensing decisions among competitors and are best used where the spectrum being licensed is intended for mutually exclusive commercial applications. Before auctions can work effectively, consensus should be reached on the types of services to be offered in a particular frequency band and on service rules.

4. There must be some balance between the public's right to realize revenue from spectrum with the ability of users to pay for the use of that resource. The FCC should allocate spectrum without auctions or fees in the case of public safety and essential services. Also, for example, in the case of global satellite service, auctions could seriously inhibit market and technology developments, and the U.S. Government has appropriately decided not to auction such spectrum. In contrast to auctions that help to provide an effective and relatively fast transition of spectrum to new services allocated pursuant to demonstrable market demand, auctions driven solely by the budget process simply impose an enormous burden on new businesses, many of which face large, well-entrenched incumbents. When this burden affects the ability of potential competitors to launch new services, it also has the effect of a tax, stifling new technology.

5. It is important to note the frequency spectrum is finite in nature yet must accommodate future radio and telecommunications needs. Clearly spectrum management is international in character and cannot be dealt with solely on a domestic basis. Spectrum allocation decisions in the U.S. must reflect a consensus by the private sector and the government on what services are technically possible, economically sound, spectrally efficient and likely to benefit the public.

Decisions on spectrum utilization should not be left to the market alone to decide. Unbridled spectrum flexibility leads to fractured markets, increased equipment costs, delayed research, product development, and time to market, and increased potential for interference among users.

6. In order to optimize spectrum usage given the myriad of different spectrum users, the FCC should retain authority to allocate and assign licenses using the methods that best accommodate the relevant public interest considerations including economic, technical, and market factors. For example, consideration should be given to providing adequate time for technology investment decisions, the amount of spectrum needed for an intended use and the need to avoid harmful interference between systems and operations. Specifically, the FCC should be encouraged to optimize spectrum usage by exploring flexible spectrum sharing between and among licensed and unlicensed services. For instance, the FCC has authorized unlicensed use of spectrum in a manner that has led to the development of entirely new applications of wireless technology. Further, many specialized uses of spectrum, including radar, aviation and maritime navigational aids, space sciences, heart monitoring and other hospital equipment may require the use of unique methodologies for spectrum assignment. Finally, the FCC may require in the future the use of compensation-based assignment mechanisms, other than auctions to ensure spectrum efficiency in new private radio services.

CONCLUSION

7. Spectrum management is an increasingly important function of government. If spectrum management is overtaken by the budget process, the United States will not realize the maximum benefits and opportunities of its spectrum resources in radio telecommunications technologies and services.

Respectfully submitted,



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